14 January 2025

Maybank

Global Markets Daily

Gradual Tariff Rollout?

Some Relief amid Talk of Measured Tariff Increases

Overnight, markets were choppy with the S&P500 even falling below its pre-Trump election level and the DXY breaching the 110.00 resistance. Markets anxiety of higher borrowing costs and concerns on the extent of Trump tariffs looked to have continued to initially sour sentiment. However, later in the session, Bloomberg released a report mentioning that the incoming Trump administration are looking at a possible schedule of graduated tariffs with an increase of about 2% - 5% a month. The news appeared to have guided the DXY back below the 110.00 and last seen at 109.64. The S&P500 rebounded and finished the day higher. However, UST yields continued to mostly hold on to end last week gains with the 10Y last seen at around 4.77%. There has been no direct comments from the Trump administration so far on these developments and it remains as speculation for now. A gradual tariff increase is not of much of a surprise to us and it has been our base case. However, whilst the DXY can come off more if the initial tariff rollout is less aggressive, the greenback can stay supported given the anxiety regarding trade tensions may not fully dissipate. The risk of tariff ramp ups remain as the tariffs can be Trump's negotiating tool. Near term, expect DXY to remain elevated with less than a week to Trump's inauguration. UST yields continue to hold upside risk too.

Oil Continues Climb Up

Brent and WTI moved higher again with the former above 80.00 and the latter just below that mark. US sanctions last Friday on 180 vessels, dozens of traders, oilfield service providers, Russian oil producers had caused prices to climb. Oil producing FX such as the MYR remain under pressure though as focus is mainly on tariff and Fed easing concerns. High oil prices can weigh further on already under pressure Asian net oil importers such as PHP, IDR, THB. For now, prices are still around the 70 – 80 level that it has been over the last year and moves higher can be more of a concern.

Data/Events We Watch Today

Dec NY Fed 1Y inflation expectations, Fed Schmid, Williams speak

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0245	0.01	USD/SGD	1.3696	-0.14
GBP/USD	1.2202	-0.04	EUR/SGD	1.403	-0.14
AUD/USD	0.6177	0.49	JPY/SGD	0.8697	0.00
NZD/USD	0.5583	0.47	GBP/SGD	1.6714	-0.18
USD/JPY	157.48	-0.16	AUD/SGD	0.846	0.37
EUR/JPY	161.32	-0.17	NZD/SGD	0.7647	0.34
USD/CHF	0.917	0.07	CHF/SGD	1.4936	-0.20
USD/CAD	1.4379	-0.31	CAD/SGD	0.9526	0.17
USD/MYR	4.5105	0.29	SGD/MYR	3.2808	-0.17
USD/THB	34.792	0.61	SGD/IDR	11857.32	0.23
USD/IDR	16275	0.56	SGD/PHP	42.7604	0.30
USD/PHP	58.723	0.63	SGD/CNY	5.3456	-0.03

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3516	1.3792	1.4068

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com

Alan Lau, CFA
(65) 6320 1378
alanlau@maybank.com

Fiona Lim
(65) 6320 1374
fionalim@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

G10: Events & Market Closure

Date	Ctry	Event
13 Jan	JP	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
15 Jan	ID	Policy Decision
17 Jan	KR	Policy Decision
Anytime Between 10 - 31 Jan	SG	Policy Decision

G10 Currencies

- **DXY Index - *Gradual Tariff Provides Small Relief*.** The DXY index softened on news that Trump's economic team had proposed a gradual ramp-up of tariffs to avoid an inflation spike and also to boost leverage. That would be in line with what Scott Bessant had mentioned before, a phased-approach in ramping up tariffs. One scenario involves increasing tariff rates by about 2-5% a month, which would depend on executive authorities under the International Emergency Economic Powers Act, according to sources. The greenback slipped, especially against pro-cyclical currencies (AUD and NZD). UST yields also softened a tad with 10y last seen around 4.77%. DXY index slipped under the 110-handle, after a brief peek above the key level overnight. Last printed 109.59. The DXY index has looked overbought before and stochastics continue to looked stretched to the upside. Bearish divergence still remains and stochastics are showing signs of turning lower from overbought conditions. There is also a rising wedge forming for the DXY index which could suggest some retracement soon. The greenback is overdue for correction. Resistance is seen at 110.10 and then at 111. Support is seen around 108.40 (21-dma). The index is about to form a bearish engulfing, paving the way for a meaningful retracement towards the 108.40. Week ahead NY Fed 1Y inflation expectations for Dec on Tue along with Dec PPI. Wed has Empire Mfg for Jan and Dec CPI. Into Thu, Fed releases beige book. Philly fed business outlook for Jan and Dec retail sales will also be due on Thu. Dec housing starts and industrial production are due.

- **EURUSD - *Falling Wedge Still in Play*.** EURUSD edged higher briefly on news that Trump's economic team may want to go for a gradual step-up in tariffs. EURUSD and was last seen around 1.0246, not very different this time yesterday. Next key support is still seen around 1.0200. EU-US 10y yield gap remained rather wide at around -216bps. The divergent monetary policy outlooks and the political uncertainties surrounding the French and the German continue to weigh on the EURUSD. However, back-to-back rate cuts for Jan, Mar and Apr are well priced based on OIS. On the EURUSD chart, the next support is seen at 1.0200. The falling wedge is still in play and stochastics continue to rise from oversold conditions. EURUSD could be close to a bullish retracement. The next resistance is seen at 1.0368 (21-dma). Week ahead has Nov industrial production on Wed, Nov trade bal on Thu and Dec CPI and Nov current account on Fri.

- **GBPUSD - *Dragonfly Doji, Bullish Reversal Risks*.** GBPUSD hovered around 1.2210 after forming a dragonfly doji yesterday. A low of 1.2096 was reached overnight and cable seemed to have regained bullish momentum and formed a dragonfly doji. A another bullish session today may provide the confirmation needed for a bullish reversal. That could bring cable back towards 1.2415. Eyes are on Chancellor of the Exchequer Rachel Reeves and how she will deal with the rising borrowing costs due to higher gilt yields. She had mentioned over the weekend that her fiscal rules (self-imposed) were non-negotiable. There have been some concerns that the rise in the gilt yields have taken up the fiscal headroom and may force the labour-led government to reduce spending ahead of a fiscal update from the OBR on 26 Mar. The prospect for further cut in fiscal spending weigh on risk appetite and the GBP. In addition, data has been underwhelming these include 3Q GDP, Mfg PMI and net consumer credit. PM Starmer said he has "full confidence" in Reeves and he also emphasized that the government would stick to the fiscal rules. Bias remains to the downside for the GBPUSD and next support is seen around 1.2090 before the next at 1.2040. Current support being tested is seen around 1.2220. Rebounds to meet resistance at 1.2370. Week ahead has Dec CPI, PPI and RPI on Wed. Thu Has Nov industrial production, Mfg production and visible trade bal for Nov. Fri has Dec retail sales.

- **USDCHF – *Rising Wedge, Bearish risks*.** USDCHF hovered around 0.9170 and a rising wedge continues to form and is nearing its apex. This pair could break out of the rising wedge (to the downside). At this point, there are still signs that the bullish forces are weakening on the MACD, there is a bearish divergence and stochastics seem to be plateauing in overbought conditions. We expect SNB to cut rates by 50bps in 2025 to bring the policy rate to 0%. Recall that SNB Chief had flagged about negative rates (Reuters) in a bid to weaken the CHF. CHF had weakened as markets priced in the scenario of SNB cutting rates to near zero by Sep 2025. With that, one can arguably said that policy divergence between the Fed and SNB is at its widest at this point. The room for CHF to fall because of policy divergence might be less as well. With the USD in a corrective mode (lower), USDCHF may move lower from here. The next support is at 0.8820. Resistance is the 0.9000. Of the traditional safe-havens, it does seem that gold and CHF retain most of the safe-haven properties, with the JPY being pressured by yield differentials. Safe-havens could be better supported on heightened volatility and uncertainty in the lead up to key events like the US elections. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF. Week ahead has consumer confidence for Dec today along with total sight deposits as of 10 Jan. The data docket is pretty much empty for the rest of the week.

- **USDJPY – *Sideways, Cautious*.** The pair was last seen at around 157.57 as it traded around levels seen yesterday. Deputy Governor Himino's speech did not exactly yield anything new. As we had anticipated, he did not provide direct hints of a Jan hike. He instead mentioned that they will discuss next week whether to raise rates or not and they will raise rate if economic outlook is realized. He also said that causing a surprise isn't desirable except in crisis. The latter may hint at the possibility of a hold given that there is not exactly a crisis in the JPY and markets at this point although we would also have to see how the situation pans out next week after Trump's inauguration. A Jan hike remains quite open right now and there is immense uncertainty on how Trump policies would pan out after he takes office in less than a week's time. Also, markets could be continue to watch how US data including CPI data this week would continue to pan out. Therefore, markets may be a little cautious before deciding to ramp up further bets on JPY weakness. Intervention risks are also keeping markets on the edge. USDJPY may continue to trade sideways at current levels still in the near term. Back on the chart, resistance is at that 160.00 level with the next at 162.00 (around 2024 high). Support is at 156.00 and 150.00. Meanwhile, data wise, Nov BoP CA balance was wider at around 3.4tn yen (est.2.7tn yen, Oct. 2.5tn yen). Trade balance was also positive at 97.9bn yen (est. -34.6bn yen, Oct. -155.7bn yen). Dec bank lending including trusts was also stronger at 3.1% YoY (Nov. 2.9% YoY). Remaining key data releases this week include Dec bank lending (Wed), Dec eco watchers (Tues), Dec M2/M3 (Wed), Dec P machine tool orders (Wed), Dec PPI (Thurs) and 10 Jan buying bonds/stocks data (Fri).

- **AUDUSD – *Interim bottom*.** AUDUSD hovered around the key support at 0.6130 and last printed 0.6181 as we write this morning. The boost from news that Trump's economic team might consider a gradual approach to tariffs did not last very long. While we see conditions for a rebound in the near-term, we remain bearish on the currency as we look for trade frictions between the US and China to impact Australia's resource exports and RBA could risk cutting more than expected. Since the last trade war in 2018, non-commercial positions of the AUD have hardly been in net long. Further signs of de-coupling between Australia's traditional ally and biggest trading partner would continue to hurt AUD sentiment this year. We continue to see RBA easing in Feb but most of markets have come joined our view with cash rate futures now implying 70% probability and this view is supported by the latest CPI release. For the rest of the week, consumer confidence for Jan came in at -0.7%, logging another fall due to high interest rates, likely the reason for AUD to give up gains this morning given that a cut by RBA is all the more probable in Feb. Consumer inflation expectation for Jan is due on Thu along with Dec labor report.

- **NZDUSD – *Heavy*.** NZDUSD rose this morning, 0.5600 and was last seen around 0.5570. Support is seen at 0.5588 before the next at 0.5510. Momentum is no longer bearish. We see some risks of reversal but NZDUSD needs to break above the 21-dma which acts as a resistance around 0.5630. Break there could bring this pair towards the next resistance around 0.5670. Markets have priced in 100bps cut for NZD, paring easing bets from 130bps cut seen last week. We continue to look for NZD to outperform AUD as dovish trajectory of the RBNZ for 2025 is sufficiently priced while markets are only starting to price in more rate cuts by RBA. AUDNZD fell this morning. Last see at 1.1038. This cross could head toward 1.0970 (200-dma) before the next at 1.0880. Dec food prices are due on Thu before BusinessNZ Mfg PMI is due on Fri.

- **USDCAD – *Rounding Top*.** USDCAD edged higher and was last seen around 1.4380. Back on the USDCAD chart, pair has arrived near the resistance around 1.4450. The 1.43-1.4450 range is eyed and the pair seems to be forming a rounding top and the pullback beyond current support around 1.4385 could bring the pair towards 1.43 and then at 1.4180 (50-dma). Resistance at 1.4450 is likely to remain intact. Data-wise, manufacturing sales for Nov is due on Wed, along with existing home sales for Dec. Dec housing starts are due on Thu.

- **Gold (XAU/USD) – *Rising a Tad on Specter of Conflicts*.** Gold hovered around $2670/oz, hovering within the new 2600-2790 range. The bullion had been somewhat elevated, notwithstanding the small pullback. We allude its rise to the specter of conflicts conjured by Trump's ambition to make Canada, Greenland, the Panama Canal as part of the US. In addition, there has been report that PBoC has also been buying gold on dips. Even the rise of the UST yields cannot slow the rise of the precious metal. Next resistance at 2711 before the next at 2750. Support around 2645.

Asia ex Japan Currencies

SGDNEER trades around +0.67% from the implied mid-point of 1.3792 with the top estimated at 1.3516 and the floor at 1.4068.

- **USDSGD - *Sideways*.** USDSGD was last seen lower at 1.3702 levels. We expect that SGD could be sheltered given the correlation of SG/US rates. Moreover, Singapore is unlikely to be singled out by the US for additional tariffs given that it has a bilateral trade deficit with the US. Regional safe-haven properties are also likely to be supportive for the SGD. Recall that MAS stood pat in Oct. Our economists' base case is for a Jan-25 easing, although easing could be delayed if inflation is sticky and/or growth remains robust. Robust 3Q GDP print could delay easing by MAS. The trade-weighted SGDNEER is at +0.98% above the mid-point this morning. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue. MAS appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although we do not expect SGDNEER to tank. In the medium-term, we remain positive on the SGD given robust macro fundamentals and a monetary policy that has an appreciating currency as a default stance. Resistance at 1.3490 and 1.3530. Supports are 1.3400 and 1.3340. Nov FX Reserves came in lower at US$377.23b (prev: US$383.72b). Waiting for MAS' balance sheet update (likely mid-month) to see if there is a corresponding drop in government deposits that could indicate transfer of reserves to GIC for longer term management. Unlikely that drop in reserves was MAS selling USD to slow pace of SGDNEER moderation given that SGDNEER still remains at a relatively strong level in the band. We watch out for any MAS decision between 10 – 31st Jan.

- **SGDMYR - *Hovering around the 3.30 level*.** SGDMYR was last seen at 3.2865 levels this morning with both SGD and MYR experiencing some relief. Resistances at 3.32 followed by 3.35. Support at 3.28.

- **USDMYR - *Lower, Cautious*.** Pair was last seen at 4.5025 as it edged down slightly lower from yesterday's levels. This was mainly driven by the broad dollar and USDCNH coming off its highs overnight amid news that the Trump administration may not immediately aggressively rollout tariffs and instead adopt a gradual approach of 2-5% increase a month. However, there are no direct comments on this from the Trump administration and it is just speculation at this point. UST yields also continued to appear to mostly hold on to end last week gains. We are going to continue stay cautious on the USDMYR with the Trump inauguration less than a week away. External developments continue to be of concern for the MYR in the near term even as domestic fundamentals are strong (robust growth, strong investment interest and pick-up of inflation, which lead to less easing pressure on BNM). We in particular continue to watch how US data pans out to be in addition to developments related to Trump policies as we build up to his inauguration. Any come off in the USDJPY can though be some relief for Asian currencies and we closely watch if the BOJ would hike at next week's meeting. The PBOC firmness to stabilize the CNH/CNY also provides support for the MYR given the strong trade links between China and Malaysia. Higher oil prices amid US sanctions on Russia can also be of some support to the MYR. Back on the chart, resistance at around 4.5300 and 4.6300. Support at 4.4400 before the next at 4.3600. Key data releases this week include 2024 A GDP and 4Q A GDP (Fri).

- **USDCNH - *Reined in*.** USDCNH traded around 7.3440, inching a tad lower after Trump's economic team is said to float an idea of having a phased approach to tariffs potentially raising tariffs by 2-5% every month based on one scenario. Yuan is also likely supported by recent jawboning efforts of the central bank. PBoC had put out a statement yesterday, vowing to ensure the currency is “basically stable at reasonable levels”. The central bank also allow firms to borrow more from overseas and raised the so-called macro-prudential parameter for companies and financial institutions cross-border funding to 1.75 from 1.5. The last time it made a similar move was in Jul 2023. Jawboning, capital tweaks, offshore yuan bills issuance have been utilized to prop up the yuan. The USDCNY which has reached the upper bound of the trading band at around 7.3320, is flat-lining. Daily fix has become a flat line around 7.1890, last at 7.1878. Another sub-7.20 fix sends a messaging that the PBoC still wants to slow the pace of depreciation of the CNY and cap the USDCNY around 7.33 for now. Key resistance for USDCNH is seen at 7.3700. 1M and 3M USDCNH risk reversals have turned negative, a sign that bullish momentum of the USDCNH could be fading amid significant effort by PBoC to “stabilize the yuan”. With USD having had a good run and looking a tad stretched to the upside, it is also overdue for correction. Risk-reward ratio is less favourable for USDCNH bulls in the near-term. That does not shift our bearish view on the CNH. As with FX moves, a healthy retracement could be needed for USDCNH to extend higher.

- **1M USDKRW NDF – *Higher, cautious*.** 1M USDKRW NDF was last seen at 1462.01 as it came off in line with the broad dollar. News that the incoming Trump administration would adopt a gradual rollout of tariffs looks to have led to this. At the same time, the National Pension Service appear to be providing support for the currency as it began to sell dollars to support the won, which may result in up to about $50bn purchases of the local currency. Although the KRW has been seeing some relief recently, we remain cautious on the currency. The domestic political situation remains uncertain at this point with the impeachment trial of President Yoon Suk Yel will begin on Tuesday. Yoon’s legal representatives have said that he will not appear in court and so far, the investigators have still not been able to arrest him. External concerns especially in relation on how Trump policies (tariffs, immigration, tax cuts) would pan out to be after he takes office in less than a week’s time can also be a substantial negative risk for the currency. Resistance is at 1500 and do not rule it out testing that level with the next level after that at 1551. Support is at 1440 and 1415. Key data releases this week include Nov money supply (Tues), Dec IPI (Wed), Dec unemployment rate (Wed), Dec bank lending (Wed) and BOK policy decision (Thurs).

- **1M USDINR NDF- *Pivoting to Neutral*.** USDINR 1M NDF is higher at 86.87 levels this morning. Governor Das will be replaced by a career bureaucrat Sanjay Malhotra who will start a three-year term tomorrow (11 Dec). Last Friday, RBI held its rate steady on Fri in line with consensus although it also cut the cash reserve ratio that banks are required to hold, making conditions easier as growth slows. We see RBI potentially cutting rates at their next meeting (7 Feb) to align with their current neutral stance especially if disinflationary path progresses. Resistance at 89.00. Support at 84.50 before the next at 84.00.

- **1M USDIDR NDF – *Sideways, Cautious*.** 1M USDIDR NDF was last seen at 16317 as it hovered around levels seen yesterday. Whilst the broad dollar had come off slightly on news that the incoming Trump administration would adopt a gradual rollout of tariffs. UST yields though continued to mostly hold on to its gains from end last week. We are continuing stay cautious on the 1M USDIDR NDF as we build up to Trump’s inauguration with it being less than a week. Markets await his first policy announcements (tariffs, immigration, tax cuts) when he takes office and the anxiety regarding them may make it hard for USDAsian pairs to move significantly lower unless there is more certain news that the Trump tariffs would be not be too aggressive. Domestically, a BI policy decision is due on Wed and we are not expecting them to move given that the pressure the IDR is under. The possibility of BI keeping rates high for an extended period of time as they prioritize IDR stability, can on its part limit weakness for the currency. We do note authorities could be could be in the market to stabilize the currency. Meanwhile, higher oil prices amid US sanctions on Russia are negative risk for the IDR given the country is a net oil importer although for now, prices are still hovering around 70 – 80 as it was for much of last year. Back on the chart, we watch if it can hold above the resistance at 16300 with the next level after that at 16519 (2024 high). Support at 16150 and 15800. Key data releases this week include Dec trade data (Wed) and Nov external debt (Thurs).

- **1M USDPHP NDF - *Lower, cautious*.** The 1M USDPHP NDF was last seen higher at 58.63 as it edged lower with the broad dollar had come off slightly on news that the incoming Trump administration would adopt a gradual rollout of tariffs. Focus for the PHP remains on external developments especially as to how the broad dollar would move and Trump policies would pan out to be. We stay cautious on the PHP amid the uncertainty related to the latter and whether the incoming administration would aggressively rollout tariffs. Trump's inauguration is less than a week away and it is difficult to see any significant pullback just yet for USDAsian pairs as markets stay anxious on Trump's first policy announcements (tariffs, immigration, tax cuts) just after taking office. This is unless, there is the release of any more certain news on his policies being less aggressive ahead of the inauguration. Any appreciation in the JPY if the BOJ hikes next week can provide some relief for Asian FX. PBOC firmness to stabilize the CNY/CNH is also helping to give some support too to Asian FX. Domestically, Governor Eli Remolona has said there is room to ease policy as it is still restrictive even as he also commented that tariff threats pose challenges to the Philippine economy. He also noted that the BSP does not decide monetary policy based only on the Fed even as he sees the Fed has become more cautious than before. BSP rate easing is already expected by the market though and the impact on the currency can therefore be limited. Meanwhile, higher oil prices amid US sanctions on Russia are negative risk for the PHP given the country is a net oil importer although for now, prices are still hovering around 70 – 80 as it was for much of last year. Resistance is at 59.47 (around the recent Dec high) and 60.60. Support is at 57.84 (200-dma) and 57.00. Key data releases this week include Nov OFWR (Wed).

- **USDTHB – *Lower, Cautious*.** Pair was last seen at 34.70 as it edged slightly lower with the broad dollar having coming off its highs of yesterday. News that the incoming Trump administration would adopt a gradual rollout of tariffs looks to have led to this. However, UST yields are still holding on to quite a bit of Friday's gain. Gold prices have also fell, which works unfavorably for the THB. Domestically, there looks to be some developments that can support the currency although they are more long term in nature. Former PM Thaksin has called for tighter regulatory oversight, better corporate governance and tax incentives for long-term equity investors to revive confidence. Current PM his daughter Paetongtarn Shinawatra has mentioned that the SEC and the Stock Exchange of Thailand should play a more proactive role om rebuilding confidence. Meanwhile, the Thai cabinet has approved a draft bill to legalize casinos as they attempt to boost tourism. Overall, we stay cautious on the THB amid the uncertainty related to the latter and whether the incoming administration would aggressively rollout tariffs. Trump's inauguration is less than a week away and it is difficult to see any significant pullback just yet for USDAsian pairs as markets stay anxious on Trump's first policy announcements (tariffs, immigration, tax cuts) just after taking office. This is unless, there is the release of any more certain news on his policies being less aggressive ahead of the inauguration. Any appreciation in the JPY if the BOJ hikes next week can provide some relief for Asian FX. PBOC firmness to stabilize the CNY/CNH is also helping to give some support too to Asian FX. Back on the chart, resistance is at 34.80 with the next level at 35.10 (high on Nov 2024 post Trump election before a retracement). Support is at 33.50 and 33.00. Key data releases this week include Dec consumer confidence (Tues) and 10 Jan gross interenationl reserves/forward contracts (Fri).

- **USDVND – *Capped for now.*** USDVND was last seen around 25390. This pair seems to be rather stable recently with the 25500-resistance capping this pair. USDCNY pullback this morning might also have inspired the USDVND to fall as well. Support is seen around 25325 before the next at 25255. Vietnam overtook Japan as China's third-largest export destination for the first time. China's exports to Vietnam jumped 18% in 2024 to a record $162bn. The China+1 strategy has been benefitting Vietnam as more companies shift to Vietnam to avoid tariff risks.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.45	3.48	+3
5YR MI 8/29	3.62	3.64	+2
7YR MO 7/32	3.79	3.81	+2
10YR MS 7/34	3.82	3.84	+2
15YR MS 4/39	3.96	3.98	+2
20YR MX 5/44	4.04	4.06	+2
30YR MZ 3/53	4.18	4.18	Unchg
IRS			
6-months	3.64	3.64	Unchg
9-months	3.59	3.60	+1
1-year	3.57	3.60	+3
3-year	3.52	3.55	+3
5-year	3.57	3.62	+5
7-year	3.65	3.69	+4
10-year	3.74	3.78	+4

Source: Maybank
**Indicative levels*
***Daily Trade Data: 1) Government bonds and 2) PDS/corporate bonds*

- Ringgit bonds started the week on a weaker note tracking the global bond selloffs with yields inching higher by 2-3bp. Attention will be today's new issue of 15.5y GII auction. WI was last quoted at 4.02/3.97% with no trades yet.

- MYR IRS moved 1-5bp higher with strong paying interests concentrated again in the 5y point. US rates surged upward last Friday after a much stronger than expected US NFP print that led to a sharp market repricing of 2025 FOMC rate cut projections. 3M KLIBOR was unchanged at 3.69%. 5y IRS traded at 3.615% and 3.62%.

- In the PDS market, activities were muted. In GG, Pengurusan Air SPV 6/39 and Danainfra long tenor bonds spread tightened 1bp. In AAA segment, performance was mixed as Pengurusan Air Selangor 10/36 spread widened 1bp, while Sarawak Energy 1/27 spread tightened 1bp. In AA2, PONSB Capital and Imtiaz Sukuk traded rangebound, while SP Setia 4/32 traded 2bp lower with MYR30m changing hands.

Analysts

Winson Phoon
(65) 6231 5831
winsonphoon@maybank.com

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.89	2.97	+8
5YR	2.92	3.01	+9
10YR	3.03	3.09	+6
15YR	3.03	3.09	+6
20YR	2.97	3.04	+7
30YR	2.91	2.99	+8

Source: MAS (Bid Yields)

- The SGS curve shifted significantly higher across the tenors with yields rising 6-9bp. 10y SGS yield increased 6bp to 3.09%. Meanwhile, the overnight SORA rose 20bp to 3.10% on 10 January 2025 – latest available at the time of writing.

Indonesia Fixed Income

Rates Indicators

RPGov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	7.07	7.12	0.05
2YR	7.06	7.06	0.00
5YR	7.10	7.17	0.07
10YR	7.18	7.27	0.09
15YR	7.24	7.33	0.09
18YR	7.22	7.33	0.11
30YR	7.17	7.22	0.05

** Source: Bloomberg, Maybank Indonesia*

Analyst
Myrdal Gunarto
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Most Indonesian government bonds weakened yesterday. The market players gave direct response to Indonesian government bond market by applying "sell on rally" position after receiving the latest update conditions of 1.) stronger expansion on the U.S. labour market during Dec-24, 2.) higher geopolitical tensions with recently centre of controversial statements created by the new U.S. elected President Donald Trump, 3.) potential hot money outflow by investors, included local side, not only foreigners, after seeing more attractive returns on the offshore investment after soaring positions on both US$ and the yields of U.S. government bonds. Furthermore, an unfavourable on the global social economic condition will be the biggest threat for the emerging markets, such as Indonesia.

- The positions on both Dollar DXY Index and the yields of U.S.10Y government bonds soared from 105.74 and 4.17%, subsequently, on 29 Nov-24 to be 109.96 and 4.78%, respectively, on 13 Jan-25. The foreign investors booked US$636.74 million of net selling position on the local equity market. The foreigners also reduced their ownership on SRBI by Rp19.53 trillion (around US$1.22 billion) during Dec-24. We saw SRBI to keep being primary tools for Bank Indonesia to attract liquidity flow from the overseas with maximum one year period of rollover progress. The yields on SRBI depends on the market condition.

- On the other side, the foreigners, instead, added their ownership on the government bonds from Rp872.50 trillion on 29 Nov-24 to be Rp879.43 trillion on 10 Jan-25. We thought that it could be an indication that a weakening of Rupiah is not only driven by hot money outflow by foreigners. It could be possible that the local investors shifted their short term investment to overseas for grabbing potential gain.

- From the local side, the social economic condition is conducive overall so far, led by the government's various fiscal stimulus since the beginning of the year. However, we saw a new threat for potential swelling energy subsidy payment on the national fiscal spending, if the global oil price stays above US$81/month for more than one quarter period. Currently, the Brent oil prices touches US$81.01/barrel. According to our internal data, the government has spent Rp112.03 trillion for the fuel subsidy with average Brent oil prices by US$79.86/barrel during 2024. It means that the government needed around Rp1.40 trillion for spending the fuel subsidy with the Brent oil prices at US$1/barrel for a year. A stability on the fuel subsidy prices (both Petralite & Solar) is crucial to keep managing stability on the national inflation and local consumers' purchasing power. A drastic increase on the fuel subsidy prices can give second round impacts of inflation, then eroding the consumers' spending and national domestic demand for the economy.

- Today, the government will hold its primary Sukuk auction for this year. The government sets up indicative target by Rp10 trillion from this auction. It's slightly higher than previous government's indicative target by around Rp8 trillion. The government is ready to offer seven Sukuk series for this auction, such as SPNS07072025 (reopening), SPNS13102025 (new issuance), PBS003 (reopening), PBS030 (reopening), PBS034 (reopening), PBS039 (reopening), and PBS038 (reopening). We expect this auction to receive relative silent investors' responses as current global investment environment isn't conducive enough due to stronger than expected of latest U.S. labour data result and higher global geopolitical tension with various controversial statements by the new elected U.S. President Donald Trump. Investors' total incoming bids for this auction are expected to reach at least Rp18 trillion. We expect several series, such as PBS003 (2Y series with 6.00000% of coupon rate) and PBS030 (3Y series with of 5.87500% of coupon rate) to be most attractive series for investors during this auction. We foresee the range yields for both PBS003 and PBS030 for this Sukuk's auction to be around 7.00000%-7.22000%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0296	158.51	0.6209	1.2295	7.3687	0.5612	162.8000	97.8923
R1	1.0271	157.99	0.6193	1.2249	7.3579	0.5597	162.0600	97.5857
Current	1.0244	157.65	0.6184	1.2200	7.3450	0.5604	161.5000	97.4890
S1	1.0199	156.94	0.6146	1.2128	7.3415	0.5555	160.3100	96.6767
S2	1.0152	156.41	0.6115	1.2053	7.3359	0.5528	159.3000	96.0743

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3771	4.5236	16326	58.8050	34.9547	1.4084	0.6160	3.3019
R1	1.3733	4.5171	16301	58.7640	34.8733	1.4057	0.6155	3.2914
Current	1.3701	4.5040	16271	58.5720	34.6700	1.4035	0.6145	3.2878
S1	1.3676	4.5054	16249	58.6260	34.6743	1.3999	0.6147	3.2749
S2	1.3657	4.5002	16222	58.5290	34.5567	1.3968	0.6143	3.2689

**Values calculated based on pivots, a formula that projects support/resistance for the day.*

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	3.3000	Jan-25	Neutral
BNM O/N Policy Rate	3.00	22/1/2025	Neutral
BI 7-Day Reverse Repo Rate	6.00	15/1/2025	Easing
BOT 1-Day Repo	2.25	26/2/2025	Neutral
BSP O/N Reverse Repo	5.75	20/2/2025	Easing
CBC Discount Rate	2.00	20/3/2025	Neutral
HKMA Base Rate	4.75	-	Easing
PBOC 1Y Loan Prime Rate	3.10	-	Easing
RBI Repo Rate	6.50	7/2/2025	Easing
BOK Base Rate	3.00	16/1/2025	Easing
Fed Funds Target Rate	4.50	30/1/2025	Easing
ECB Deposit Facility Rate	3.00	30/1/2025	Easing
BOE Official Bank Rate	4.75	6/2/2025	Easing
RBA Cash Rate Target	4.35	18/2/2025	Neutral
RBNZ Official Cash Rate	4.25	19/2/2025	Easing
BOJ Rate (Lower bound)	0.00	24/1/2025	Tightening
BoC O/N Rate	3.25	29/1/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	42,297.12	0.86
Nasdaq	19,088.10	-0.38
Nikkei 225	39,190.40	-1.05
FTSE	8,224.19	-0.29
Australia ASX 200	8,191.92	-1.23
Singapore Straits Times	3,791.70	-0.26
Kuala Lumpur Composite	1,585.59	-1.05
Jakarta Composite	7,016.88	-1.02
Philippines Composite	6,343.10	-2.36
Taiwan TAIEX	22,488.33	-2.28
Korea KOSPI	2,489.56	-1.04
Shanghai Comp Index	3,160.76	-0.25
Hong Kong Hang Seng	18,874.14	-1.00
India Sensex	76,330.01	-1.36
Nymex Crude Oil WTI	78.82	2.94
Comex Gold	2,678.60	-1.34
Reuters CRB Index	309.02	1.00
MBB KL	10.08	-0.20

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Published by:

Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange
Singapore
Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com
(+65) 6320 1379

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com
(+65) 6320 1374

Alan Lau
FX Strategist
alanlau@maybank.com
(+65) 6320 1378

Shaun Lim
FX Strategist
shaunlim@maybank.com
(+65) 6320 1371

Indonesia
Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales
Malaysia
Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Tan Yew Yan
Head, Sales Corporates & CFS
yewyan.tan@maybank.com

Singapore
Sheetal Dev Kaur
Head, Corporates Sales (MBS)
skaur@maybank.com
(+65) 63201335

Tan Huilin
Head, Sales FI
TanHuilin@maybank.com
(+65) 63201511

Janice Loh Ai Lin
Head, Sales (MSL)
jloh@maybank.com.sg
(+65) 6536 1336

Shanghai
Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Indonesia
Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Philippines
Angela R. Ofrecio
Head, Global Markets Sales
Arofrecio@maybank.com
(+632 7739 1739)

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6231 5831

Soh Jing Ying
Fixed Income Analyst
jingying.soh@maybank.com
(+60) 3 2074 7606